

AQO

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (ACQUISITION AND
TECHNOLOGY)
PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE
(ACQUISITION AND TECHNOLOGY)
DEPUTY UNDER SECRETARY OF DEFENSE
(ACQUISITION REFORM)
ASSISTANT SECRETARY OF THE ARMY (RESEARCH
DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE NAVY (RESEARCH,
DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE AIR FORCE
(ACQUISITION)
DIRECTOR, BALLISTIC MISSILE DEFENSE ORGANIZATION

SUBJECT: Single Process Initiative (SPI) Biweekly Activity Report

Forwarded for your review is our biweekly report for the period ending February 7, 1997. During this reporting period, we completed a comprehensive SPI education and awareness package for Acquisition Reform Day, the Federal Aviation Administration formally announced its participation in SPI, and the Law and Regulation Integrated Process Team got underway. Highlights of these and more, plus our featured facility, "Litton Electro-Optical Systems Division" are included in the attached report.

Should you have any questions or concerns regarding the information contained in the attached documents, please contact Ms. Marialane Schultz, SPI/Block Change Management Team Leader at (703) 767-2471.

//SIGNED//

ROBERT W. DREWES
Major General, USAF
Commander

Attachment

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Single Process Initiative
Biweekly Report
February 7, 1997

Introduction

SPI progress remained steady during this reporting period. We completed a comprehensive SPI education and awareness package for the upcoming Acquisition Reform Day, the Federal Aviation Administration formally announced its participation in SPI, and the Law and Regulation Integrated Process Team got underway. These accomplishments and more, plus our featured facility, "Litton Electro-Optical Systems Division" are detailed below.

Workload Statistics

To date, we have received a total of 579 concept papers from 142 contractors proposing to modify 691 processes. This reflects an increase of seven concept papers, three contractors and six processes from our last report of 572, 139, and 685 respectively. Thirty-five new process modifications have been identified since our last report, bringing the total modified processes count up from 255 to 290.

We began populating our SPI database with cost/benefit data and are modifying the reporting features to display this information beginning in March. Appendices A, B, and C contain summary information on SPI activity and details on modifications executed during the current reporting period. Appendix D provides details on new contractors participating in the program. It also provides a list of company name changes resulting from recent acquisitions; SPI activities remain unchanged at these facilities.

Acquisition Reform Day

We completed an SPI education and awareness package for the upcoming Acquisition Reform Day scheduled for March 19, 1997. The package includes up-to-date policy information, background on current issues, briefing slides with instructor notes, and sample questions to guide discussions. The package also includes a video featuring progress to date, perspectives from management council members, and future direction of the initiative. Additionally, we posted a case study on the DCMC "Home Page" designed to focus attention on ensuring new procurements allow for the use of already approved SPI processes.

To complement Acquisition Reform Day activities, we chartered four management councils with developing a strategy for an assigned SPI challenge. The assigned challenges were (1) expanding the management council role beyond SPI; (2) increasing supplier involvement; (3) increasing involvement of top 150 contractors; and (4) targeting processes within industry sectors that may have a high return on investment. Each assigned challenge will culminate in a report to this Headquarters by the end of March.

Federal Aviation Administration

The Federal Aviation Administration announced its formal participation in SPI. In a memorandum dated January 22, 1997, Dr. George L. Donohue, Associate Administrator for Research and Acquisitions, fully endorsed the initiative. His memorandum sets forth their participation on local management councils and encourages the adoption of single processes. The Office of Communications, Navigation and Surveillance Systems is their designated focal point.

Integrated Process Teams (IPT)

The Law and Regulation IPT, chartered to disposition concept papers requiring modification of FAR/DFARS requirements, began its work of reviewing, consolidating, and preparing cases. Currently, seven cases are being considered - four legislative and three regulatory. Legislative cases under consideration are (1) eliminating the requirement for subcontract notification; (2) raising the Truth in Negotiations Act threshold; (3) allowing for self-certifications; and (4) eliminating the requirement for major subcontractors to submit small, small disadvantaged, women owned business subcontracting plans/reports. Regulatory cases include (1) eliminating the requirement to screen government property in scrap condition; (2) eliminating the requirement for cost accounting standards post-award notification; and (3) proposing DFARS solution language to enable contractor use of approved SPIs.

In our last report, we mentioned honing in on processes within industry sectors that drive manufacturing/program costs. A Sector Analysis IPT will be chartered this month to expand on the Coopers and Lybrand Study, the Joint Aeronautical Commanders Group Performance Based Business Documents, and Industry Association work by identifying key processes by industry type and prioritizing those that offer the greatest return for SPI.

The Block Change Management Team completed its assessment of the Prime and Subcontractor Relationships IPT report and are putting finishing touches on proposed letters that will be forwarded to the Under Secretary of Defense (Acquisition and Technology) for signature.

Enhancing Awareness

We continue to place a high priority on enhancing awareness of SPI. On January 28, 1997, we briefed the Advanced Contract Management Course (CON 301) being held in Alexandria, Virginia. Approximately 60 acquisition professionals from all three Services and DCMC were in attendance. We were pleased to find that the vast majority of students were aware of the SPI process. Many offered examples of their personal involvement as SPI focal points and in assisting component team leaders with the analysis of concept papers.

Featured Facility

Previously, featured facilities in our report have all been large contractors where DCMC has a resident contract administration office (CAO). This report, we are featuring Litton Electro-Optical Systems Division (EOSD), a medium sized company with facilities in Garland, Texas and Tempe, Arizona, whose contracts are administered by a geographical based CAO. Both DCMC Dallas and DCMC Phoenix have established management councils to jointly work and coordinate the processing of concept papers. Three concept papers, applicable to both facilities, covering soldering, sampling, and calibration standards have been submitted simultaneously to the two management councils. Joint management council meetings are held using video teleconferencing provided by Litton EOSD and component team leaders alternate between Texas and Arizona when attending meetings. Extensive use is being made of electronic mail as a means of keeping all management council members informed of actions taken and progress made. The contractor has plans to submit an additional 20 concept papers.

Concluding Remarks

We continue to identify and remove implementation barriers whenever possible. Our most urgent endeavor is to ensure new solicitations are written to enable contractor use of approved SPI processes. We believe resolution of this issue is pivotal to the continued success of SPI and to demonstrate to industry that DoD remains committed to this initiative as a means of advancing acquisition reform. As such, we strongly recommend that you urge the DoD Office of Procurement Policy to favorably consider the proposed DFARS case we have prepared as a solution to this critical problem. This case will be forwarded to the Defense Acquisition Regulatory Council next week for their consideration.

Appendix Index

- Appendix A - Executive Summary**
- Appendix B - Charts**
- Appendix C - Modifications Completed During Reporting Period**
- Appendix D - New Contractors & New Contractor Names During Reporting Period**

APPENDIX A

Summary Report as of February 7, 1997

Contractors Which Have Submitted Concept Papers:	142
Key Customer Notification Complete:	128
Component Team Leaders Identified:	99
Total Concept Papers Received:	579
Concept Papers Withdrawn:	65

**Concept
Papers**

Concept papers may contain multiple processes

Total Proposed Process Changes:	691
Number Initially Accepted :	598
Not Accepted Within 30 Days of Initial Submission:	48

Found Technically Acceptable:	311
Found Unacceptable:	23

Components objecting

Army	Navy	DLA/DCMC	NASA	
8	6	7	17	0
Disagreements/Problems Escalated:				2
Not approved within 60 days of Mgt Cncl Acceptance:				160

Processes Modified:	290
All Actions Complete:	285
Not Modified within 30 days after Tech Acceptance:	66

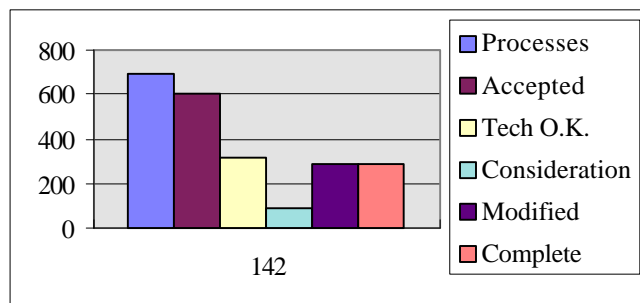
Consideration Requested by Government:	88
Cost Proposals Received:	41
Consideration Finalized:	19
Average Days From Submittal to Mod:	120
Currently Active:	378

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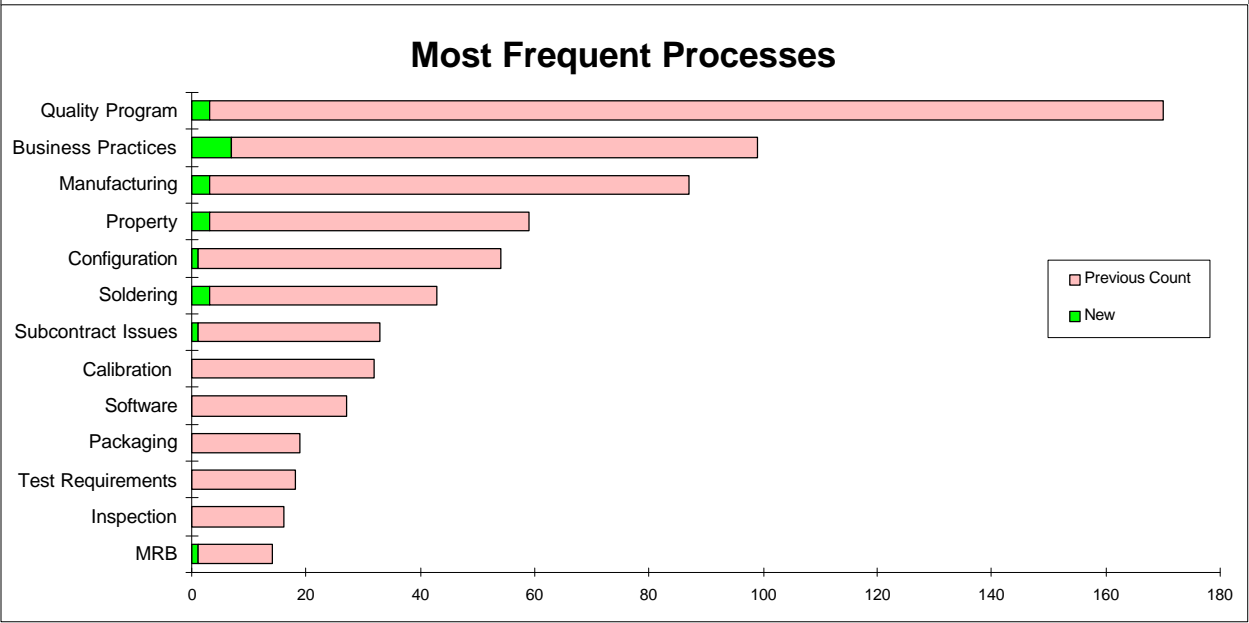
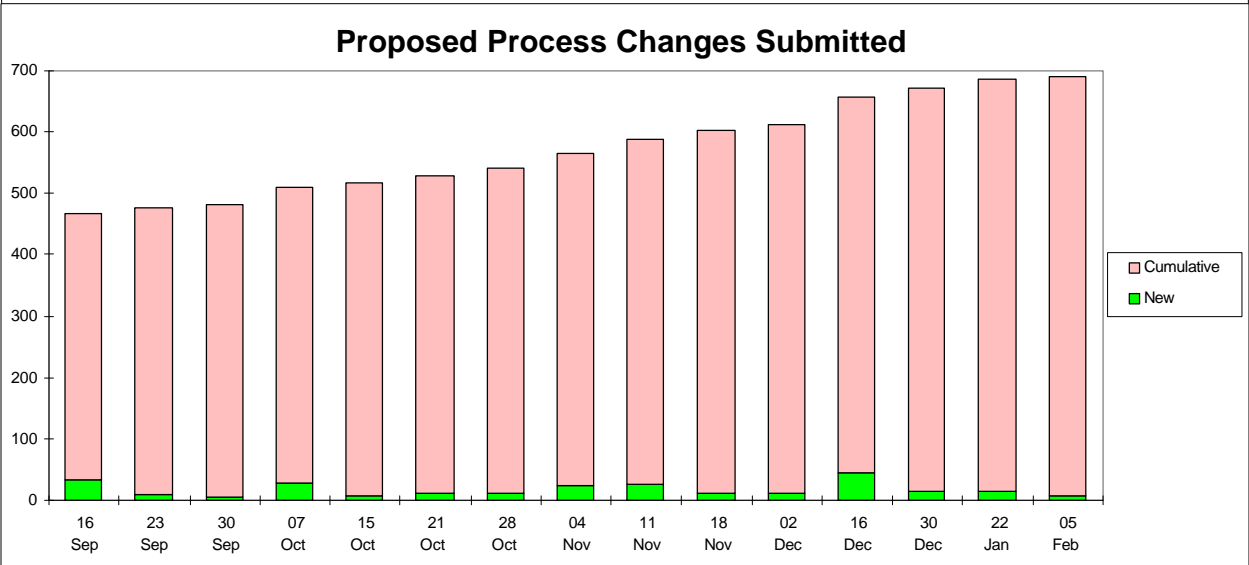
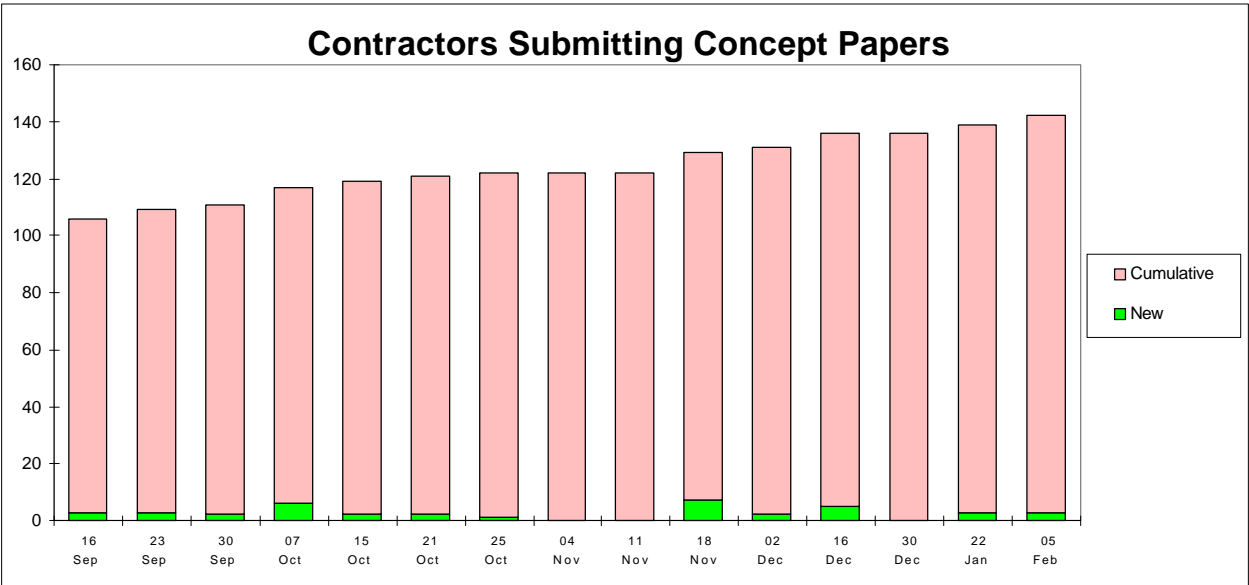
**Proposal
Development -
Concept Paper -
(30 Days)**

**Approval Cycle -
Customer
Notification and
Agreement -
Resolution of
Differences -
(60 days)**

**Modification
Issuance -
Negotiation of
Consideration
(30 Days)**



APPENDIX B



APPENDIX C

***Details on Block Change Modifications Completed
During this Reporting Period***

<u>Contractor</u>	<u>Old Process</u>	<u>New Process</u>
Allison Engine Company, Indianapolis, IN	ISO Certification Audit	Gov't Participation - ISO Audits, Quality
Argo-Tech Corporation, Cleveland, OH	MIL-Q-9858 & MIL-I-45208	ISO 9001, Quality
Boeing Defense & Space Group, Seattle, WA	Contractor Billing Process	Direct Billing Program: Submit Vouchers to DFAS
Boeing North American, Inc., A&MSD Anaheim, CA	MIL-STD-45662A	ANSI/NCSL Z540-1, Calibration
Boeing North American, Inc., SSD Downey, CA	MIL-STD-45662A MIL-Q-9858A & NHB 5300.4	ANSI/NCSL Z540-1, Calibration ISO 9001, Quality
Boeing North American, Inc., NAAMD Seal Beach, CA	Paper Delivery of CDRLs	Electronic (CD ROM) Delivery of CDRLs
Boeing North American, Inc., Rocketdyne Division, Canoga Park, CA	NHB 1440.4A	DMDI-001, Microfilming
GE Aircraft Engines, Cincinnati, OH	MIL-STD-1520A/C, Disposition of non-conforming materials	Eliminate without replacement
Hughes Danbury Optical Systems, Danbury, CT	MIL-STD-45662A	ANSI/NCSL Z540-1, Calibration
Hughes Missile System Company, Tucson, AZ	MIL-STD-454/-480, OD-32123/ -32133/-55248/-11000 MIL-STD-1519 18 MIL & DoD Config Mgmt STDs MIL-STD-498/-1521B/-1679/ -1703/-2167A/-2168	Contractor Test Equipment QA Process Factory QA Test Process MIL-STD-973/974 & ISO 13003-230 ISO/IEC 12207, Software Development
ITT Aerospace/Communications Div., (ACD) Fort Wayne, IN	MIL-STD-1535 MIL-STD-1520 Certified Supplier Program	ISO 9001, Quality Commercial Practices Commercial Practices
ITT Avionics,	Contractor Billing Process	Appendix C Direct Billing Program:

Clifton, NJ		Submit Vouchers to DFAS
Lockheed Martin Aeronautical Systems, Marietta, GA	Tech Manual "Offset" Printing	T.M. "Digital" Printing
Lockheed Martin Astronautics, Denver, CO	MIL-STD-1520, NHB 5300.4, Corrective Action/Disposition of Nonconforming Material	ISO-9001 compliant, single modular electronic non- conformance system
Lockheed Martin Electronics & Missiles Orlando, FL	MIL-S-2000A, MIL-S-45743 PL 95-507, FAR 19.704, 19.708, FAR 52.219-9 C/SCSC reqmt for Contractor Cost Data Report (CCDR)	Common Soldering Process Eliminate reqmt for sub-ctr SADBUS plans & reports Reduce reporting reqmts
McDonnell Douglas, St. Louis, MO	FAR & DFAR statutory reqmts	Comprehensive Certs
Pratt & Whitney, East Hartford, CT & West Palm Beach, FL	MIL-STD-1567A/T, Work Measurement Process	Kaizen Continuous Improvement Concept
SCI Systems, Inc., Huntsville, AL	MIL-STD-45662, Calibration MIL-STD-105, Quality MIL-STD-2000A, Soldering MIL-STD-2000, Soldering MIL-STD-454, Soldering	ANSI/NCSL Z540-1 ANSI/ASQC Z1.4 ANSI/J STD 001A ANSI/J STD 001A ANSI/J STD 001A
Textron Systems Division, Wilimington, MA	MIL-STD-129, 130, Mfg MIL-STD-100, Manufacturing All "CM" Specifications MIL-STD-2000A MIL-STD-1528	Contractor Internal Process ANSI/ASME 14 series Textron CM process Textron Quality process Textron Mfg Mgmt System

APPENDIX D

Details on New Contractors

<u>Contractor</u>	<u>Old Process</u>	<u>New Process</u>
Kurt Manufacturing Company, Minneapolis, MN	MIL-I-45208	ISO 9002, Quality
Sechan Electronics, Inc., Lititz, PA	MIL-Q-9858A & MIL-I-45208	ISO 9002, Quality
Syndetix, Inc., Las Cruces, N.M.	Contractor Billing Process	Direct Billing Program: Submit Vouchers to DFAS
Technical Solutions, Inc., Mesilla Park, N.M.	Contractor Billing Process	Direct Billing Program: Submit Vouchers to DFAS

Company Acquisitions New Contractor Names, Same SPI Efforts

<u>New Contractor Name</u>	<u>Former Contractor Name</u>
Boeing North American, Inc., Autonetics & Missile Systems Div. (A&MSD) Anaheim, CA	Rockwell International Corp., Autonetics & Missile Systems Div. (A&MSD) Anaheim, CA
Boeing North American, Inc., Space Systems Div. (SSD), Downey, CA	Rockwell International Corp., Space Systems Div. (SSD), Downey, CA
Boeing North American, Inc., North American Aircraft Div. (NAAD), Seal Beach, CA	Rockwell International Corp., North American Aircraft Div. (NAAD), Seal Beach, CA
Boeing North American, Inc., North American Aircraft Modification Div. (NAAMD), Seal Beach, CA	Rockwell International Corp., North American Aircraft Modification Div. (NAAMD), Seal Beach, CA
Boeing North American, Inc., Rocketdyne Division, Canoga Park, CA	Rockwell International Corp., Rocketdyne Division, Canoga Park, CA